

# **Can the Market Save Our Schools?**



# Can the Market Save Our Schools?

*EDITED BY CLAUDIA R. HEPBURN*



The Fraser Institute  
Vancouver, British Columbia, Canada  
2001

Copyright 2001 by The Fraser Institute. All rights reserved. No part of this book may be reproduced in any manner whatsoever without written permission except in the case of brief passages quoted in critical articles and reviews.

The authors of this book have worked independently and opinions expressed by them are, therefore, their own, and do not necessarily reflect the opinions of the members or the trustees of The Fraser Institute.

Printed in Canada.

### **Canadian Cataloguing in Publication Data**

Main entry under title:

Can the market save our schools?

Includes bibliographical references.

ISBN 0-88975-185-4

1. School choice. 2. School choice--Canada. 3. Privatization in education. 4. Privatization in education--Canada. I. Hepburn, Claudia Rebanks. II. Fraser Institute (Vancouver, B.C.)

LB2806.36.C36 2001

379.3

C2001-910880-X

# Contents

Introduction / 1  
*Claudia R. Hepburn*

## Section One: Can the Market Save Our Schools? / 11

Publicly Funded Education in Ontario: Breaking the Deadlock / 13  
*William Robson*

Reinventing Public Education via the Marketplace / 41  
*Chester E. Finn, Jr.*

Market Education and the Public Good / 53  
*Andrew J. Coulson*

## Section Two: Case Studies in Market Education / 73

Analyzing School Choice Reforms that Use America's  
Traditional Forms of Parental Choice / 75  
*Caroline M. Hoxby*

The Alberta Charter School Experience / 101  
*Lynn Bosetti*

A Survey of Results from Voucher Experiments:  
Where We Are and What We Know / 121  
*Jay P. Greene*

An Evaluation of New Zealand's Targeted  
Individual Entitlement Scheme / 151  
*Michael Gaffney and Anne B. Smith*

Serving the Needs of the Poor:  
The Private Education Sector in Developing Countries / 167  
*James Tooley*

**Section Three: Grassroots Perspectives  
on Market Mechanisms / 185**

A Parent's Perspective on School Choice / 187

*Barbara Lewis*

A Student's Perspective on School Vouchers / 191

*Alphonso Harrell*

# About the Authors

**LYNN BOSETTI**

*The Alberta Charter School Experience*

Lynn Bosetti received her Ph.D. in Educational Policy and Administration from the University of Alberta. She is a Professor in Policy and Administration, who has served as Vice Dean of the Faculty of Education at the University of Calgary. Currently she is the Special Assistant to the Vice President (Academic), External Academic Relations. She has recently completed the final report *Canadian Charter Schools at the Crossroads* for the Society for the Advancement of Excellence in Education and published recent articles on charter schools in the *Alberta Journal of Educational Research* and the *Peabody Journal of Education*. The recipient of a SSHRC grant to examine parental choice and the search for community, she is organizing a national conference on the Paradox and Promises of School Choice in Canadian Schools.

**ANDREW J. COULSON**

*Market Education and the Public Good*

Andrew J. Coulson is the author of *Market Education: The Unknown History*, which compares school systems from around the world, from ancient times to the present, in order to discover which have served the public well, which have not, and why. A Senior Fellow of the Mackinac Center and the editor of the web site [www.SchoolChoices.org](http://www.SchoolChoices.org), he has written for such newspapers as the *Wall Street Journal* and the *Seattle Times*, and for such journals as the *Education Policy Analysis Archives* and the *Journal of Research in the Teaching of English*.

**CHESTER E. FINN, JR.**

*Reinventing Public Education via the Marketplace*

Chester E. Finn, Jr. is John M. Olin Fellow at the Manhattan Institute and President of the Thomas B. Fordham Foundation, of which he is also a trustee. He is also a Distinguished Visiting Fellow at Stanford's Hoover Institution. From 1995 to 1998, he was a senior fellow of the

Hudson Institute, where he now serves as an Adjunct Fellow. From 1992 to 1994, he served as founding partner and senior scholar with the Edison Project. Mr. Finn serves on a number of boards, including the Centre for Education Reform, Project Achieve, and the Foundation for Teaching Economics, as well as the advisory boards of the National Association of Scholars, the Centre of the American Experiment, and Parents Raising Educational Standards in Schools. From 1988 to 1996, he served as a member of the National Assessment Governing Board, including two years as its Chairman. He has written and co-authored many publications on educational issues. He is on leave from the faculty of Vanderbilt University, where he has been Professor of Education and Public Policy since 1981.

**MICHAEL GAFFNEY**

*An Evaluation of New Zealand's Targeted Individual Entitlement Scheme*

Michael Gaffney has been a researcher at the Children's Issues Centre, University of Otago, New Zealand, since 1995. He trained as an elementary school teacher and then worked as a tutor and researcher in what is now the School of Education at the University of Otago. Mr. Gaffney has researched a range of topics relating to families and children, including family transitions, children's television, information technology, early childhood education, and schooling. He has also worked for New Zealand's Education Review Office, which is responsible for ensuring that all schools and early childhood services meet national requirements and teach the curriculum. Now a board member of the school his own children attend, he chairs the management board of an early childhood centre.

**JAY P. GREENE**

*A Survey of Results from Voucher Experiments:  
Where We Are and What We Know*

Jay P. Greene is a senior fellow at the Manhattan Institute for Policy Research. He has conducted evaluations of school choice programs in Milwaukee, Cleveland, and San Antonio, as well as studied the effects of school choice on integration and civic values. His work has been published in such books as *Learning from School Choice* (The Brookings Institution, 1998), such journals as *The Georgetown Public Policy Review*, *Catholic Education*, and *Education and Urban Society*, and such newspapers as the *Wall Street Journal*, the *Washington Post*, and the *Cleveland Plain*

*Dealer*. He received his doctorate from the Department of Government at Harvard University in 1995 and has taught at the University of Houston and the University of Texas.

**ALPHONSO HARRELL**

*A Student's Perspective on School Vouchers*

Alphonso Harrell is an eleventh grade student at the college prep school, Cathedral High School, one of the top schools in the state of Indiana. He maintains a solid 'B' average, is a top wrestler, and excels in rugby and football. Always a very bright child who was eager to learn, Alphonso began to lose interest in school in the second grade. He and his mother were told that he was an above average student, who just wasn't meeting his potential. His mother asked for extra work or any other help, but none was forthcoming. The following year, she applied for a tuition grant from The Educational CHOICE Charitable Trust, a privately funded charity that helps low-income families in Indianapolis afford tuition at private schools. With the help of CHOICE, Alphonso entered Holy Cross Central Catholic School, where he soon excelled in academics and sports. Today, his goal is to attend Notre Dame College.

**CLAUDIA R. HEPBURN**

*Editor*

Claudia Hepburn is the Director of Education Policy at the Fraser Institute. Working in the Institute's Toronto office, she is a frequent media commentator on education issues. She is the author of *The Case for School Choice: Models from the United States, New Zealand, Denmark and Sweden* (Fraser Institute, 1999) and of many articles on education policy, published in *Fraser Forum* and newspapers across Canada. Ms. Hepburn began her career as a teacher working in Hong Kong, Poland and England, and in the Ontario secondary school system. She has a B.A. in English from Amherst College in Massachusetts, and an M.A. and B.Ed. from the University of Toronto.

**CAROLINE M. HOXBY**

*Analyzing School Choice Reforms  
That Use America's Traditional Forms of Parental Choice*

Caroline M. Hoxby is the Morris Kahn Associate Professor of Economics at Harvard University and a research fellow of the National Bureau

of Economic Research, a non-partisan think tank. She received her Ph.D. from M.I.T. and has a graduate degree in economics from Oxford, where she studied as a Rhodes Scholar. Dr. Hoxby's teaching and research focus on the economics of education, the labour market, and local governments. Her recent work on K-12 education includes papers on private school vouchers, and private and public school choice. She is currently conducting an evaluation of how charter schools affect student achievement and the public schools around them. In other recent work, Caroline Hoxby has studied the growth of teachers' unionization and its effects on American schools. She has also examined school finance equalization cases and has advised several states on their school finance cases. She has analyzed how class size reductions affect student achievement and has testified for state governments and the federal government on the effects of class size reduction. Recently, she has investigated peer effects in elementary and secondary schools.

**BARBARA LEWIS**

*A Parent's Perspective on School Choice*

Barbara Lewis is a single mother whose three children have attended public and private schools in Indianapolis. When her eldest son was in the second grade he was very unhappy and his teachers failed to respond to her concerns about his education. Ms. Lewis heard about the Educational CHOICE Charitable Trust in Indianapolis, a privately funded charity that helps low-income families in Indianapolis afford tuition at private schools, and applied for a scholarship for Alphonso. Alphonso was awarded one and used it to attend a private Catholic school. After seeing the change in her son's attitude toward his new environment and the positive response from teachers and administration at the new school, she became an active supporter of CHOICE and has helped to establish a grass-roots parents' organization called FORCE (Families Organized for Real Choice in Education).

**WILLIAM ROBSON**

*Education in Ontario: Breaking the Deadlock*

William Robson is the Vice-President and Director of Research at the C.D. Howe Institute. While he specializes in Canadian fiscal and monetary policy, Mr. Robson is also active in education reform. He is a Director of the Organization for Quality Education, the Ontario Coalition

for Education Reform, and the Society for the Advancement of Excellence in Education and also a past Chair of the Ontario Parent Council. He is a familiar media commentator and author of the book *Could Still Do Better* (1999), published by the Ontario Coalition for Education Reform. Mr. Robson has a B.A. from the University of Toronto and an M.A. from the Norman Paterson School of International Affairs at Carleton University.

**ANNE B. SMITH**

*An Evaluation of New Zealand's Targeted Individual Entitlement Scheme*

Professor Anne B. Smith is the director of the Children's Issues Centre at the University of Otago in Dunedin, New Zealand. She is an applied developmental psychologist with a particular interest in social development and in ecological and sociocultural influences on children's development. Anne's past research has been in the field of early childhood education and care. More recently she has incorporated children's own constructions of their experiences into a broad range of research studies.

**JAMES TOOLEY**

*Serving the Needs of the Poor:*

*The Private Education Sector in Developing Countries*

James Tooley is Professor of Education Policy at the University of Newcastle. Professor Tooley directed the study of private education investment opportunities in developing countries for the International Finance Corporation, the private finance arm of the World Bank, which led to his publication *The Global Education Industry* (IEA, 1999), now in its second edition. He has consulted for the IFC, World Bank (IBRD), UN, UNESCO, and Asian Development Bank Institute on private education in developing countries. In the UK, he has influenced education policy development and serves on the UK government's curriculum and assessment committee. He is a regular contributor to radio and television debates and a frequent keynote speaker at international conferences on educational issues. Since 1995 he has also directed the Education Program at the Institute of Economic Affairs. Professor Tooley is the author of numerous scholarly and popular articles on the role of government and the private sector in education, as well as several books and monographs, including *Reclaiming Education* (Cassell, 2000), *Educa-*

*tion without the State* (IEA, 1996), *The Higher Education Debate* (IEA, 1997), *Educational Research: A critique*, (Ofsted, 1998) and *The Seven Habits of Highly Effective Schools* (TCT, 1999). Professor Tooley received his Ph.D. from the Institute of Education, University of London, and has held educational research positions at the Universities of Oxford and Manchester and the National Foundation for Educational Research. Prior to entering educational research and policy he was a mathematics teacher in Zimbabwe.

# Acknowledgements

This book is the result of many people's work. First, I would like to thank the authors, eight of whom are well-known education scholars who have contributed years of research to this project. The other two authors offer insights gained from personal experiences with two systems of education, one a virtual monopoly and the other market-driven. I learned a tremendous amount from all ten. The authors worked independently, and their views do not necessarily represent those of The Fraser Institute, its board of directors, or its supporters.

I am also grateful to the book's reviewers, Jason Clemens and Stephen Easton, for questions and criticisms that have greatly improved the book. Thanks also to Laura Jones and Stephen Easton for their advice and encouragement throughout the project. As always, it was a pleasure to work with them.

The publication of *Can the Market Save Our Schools?* has been generously assisted by a grant from the W. Garfield Weston Foundation.

